How Big is a Hotel Room?

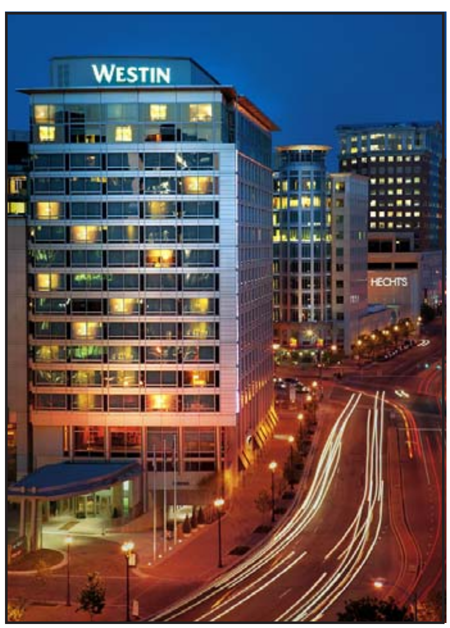
A Report From Arlington Economic Development

How big is a hotel room?
The better question may be: "Why does it matter in Arlington, Virginia?"

The answer is that it matters because several zoning districts calculate size based on room size – but several do not. The Low Office-Apartment-Hotel and Medium Office-Apartment-Hotel GLUP designations refer back to zoning districts that have room per acre calculations. These areas, the in-between areas, which may be wholly appropriate for hotels as a transitional use, are at a disadvantage. By making no distinction relative to the function and actual density of a hotel, developers of certain types of hotels – such as limited service properties – end up paying a density penalty under the current regulations. For Arlington, the flexibility to accommodate innovation in hotel products – including these limited service properties – is important to economic sustainability.

U.S. Hotel Industry Trends

Hotel development trends have evolved over time both nationally and locally; likewise, Arlington has seen a similar evolution in its own hotel stock. Until the 1950s, there were two primary types of hotels: 1) major downtown hotels catering to business while also offering venues for weddings and other social gatherings, and



The Westin Arlington Gateway is a full-service hotel

2) highway motels, mostly mom and pop operations providing lodging for families and vacationers on the road.[1] The first type is exemplified by properties like the Mayflower and the Wardman Park in Washington, D.C., and while Arlington still retains few of the latter type (which comprised the bulk of its original stock) such as the Americana, the Highlander Motel and the Inn of Rosslyn, Arlington was also home to

[1] Which was about the date of the adoption of Arlington's Zoning Ordinance – August 10, 1950.

The Residence Inn Arlington Courthouse is a limited-service hotel

the first two Marriott hotels (in Rosslyn and Crystal City), which along with Holiday Inn, prompted the beginning of the branded national hotel products we know so well today.

The hotel market has continued to diversify its products. Downtown hotels suburbanized and became full-service hotels, offering dining and meeting rooms in addition to the hotel rooms themselves. The Marriott Renaissance and Ritz-Carlton brands are good examples of this property type. A series of limited-service hotels has been introduced to serve niche markets; some examples from Marriott include the long-term stay Residence Inns, Courtyard business-stay hotels, Fairfield Inn budget accommodations, and Springhill Suites for those wanting "more room." Other national lodging companies have similar arrays of uniquely branded offerings. Today there is a national trend to develop increasingly smaller in-fill hotel products that would result in even smaller rooms.[2] "Brands are going to have to decide, 'Do we have a working room for sleeping or a sleeping room for working?'" he [Patrick Imbardelli, Pan Pacific Hotels Group] said. "We have to drop the idea of a standard room size for a hotel… it will cost more to construct, but it will yield better."[3] Arlington's ability to accommodate these types of products, which are especially conducive to an urban environment, is important to its economic sustainability.

Arlington's Hotel Market

Arlington's hotel users are well defined. More than 70 percent of Arlington's hotel visitors are here for business reasons. Their average stay is 2.9 days and nearly 80 percent are repeat visitors, having visited an average of five times previously. The meetings market is very strong, keeping the occupancy rate and average daily rate among the highest in the nation. In 2010 (through September) Arlington's hotel occupancy rate was 76.2 percent at an average daily rate of $163.77.[4] Most hotels are full or nearly so throughout the fall and spring months when business travel is at peak and tourism is strong; the Arlington market is extremely healthy.

It is so healthy, in fact, that the market can support additional hotels. Only five years ago Arlington Economic Development's (AED) travel research consultant indicated that the

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[2] "A Room with No View". http://www.time.com/time/magazine/article/0,9171,1609075,00.html
[3] http://www.hotelnewsnow.com/articles.aspx/4282/Hotels-in-2025-customer-centric-and-flexible
[4] Washington, D.C.'s occupancy rate was highest in the region at 76.7 percent.

County's hotels were aging and our market was failing to keep up with the latest product offerings. Since that time, developers have added six new hotels with another two delivering in early 2011; three of these are full-service properties. Another three prospective hotels are in some stage of the development entitlement process. The continuous addition of new product and the renovation of older hotels are essential if Arlington's hotel market to remain the strongest in Virginia.[5]

Why are hotels so important to Arlington? For one, they are essential as vital business-services providers to our office tenant base. Everyone uses hotels. Equally important, they are perhaps the highest yielding land use on a per square foot basis from a tax perspective.[6] Major government agencies in Arlington bring in large numbers of visitors; the National Science Foundation, the State Department, and the Pentagon are among the largest producers of hotel demand in the region. Nonprofit membership and policy organizations are also significant sources of travel demand, as are the many professional services firms and government contractors located in the County.

Having convenient, useful and available hotels to serve the immediate submarket needs (e.g. for meeting space) is an important factor in business recruitment and attraction. A hotel shortage, as was the case in Ballston for a number of years, was a negative factor that was sometimes difficult to overcome.

A significant portion of local hotel demand is generated from outside of Arlington. The desire of regional and national organizations to hold meetings near Ronald Reagan Washington National Airport creates demand, as does the desire of travelers to the Washington area to stay near the airport where there is great public transportation availability. Every aspect of a great community only adds to the desirability of Arlington as a hotel market.

Apartment and condominium dwellers may welcome hotels – at a variety of price points and design – to host visitors. In smaller living quarters it makes for a much more pleasant visiting experience.

One neighborhood in Arlington has a clear shortage of hotel rooms: Clarendon. Now that Shirlington has a hotel, Clarendon stands alone as a highly attractive place for visitors to stay but which lacks any actual accommodations. Visitors would clearly be drawn to a neighborhood with the highest concentration of restaurants and entertainment venues in Arlington; there is unmet demand in this highly attractive market.

Calculating Size and Density

So, to get back to the first question, how big is a hotel room in Arlington? A select sample of 11 hotels (five full-service and six limited-service) can be used to help answer the question. The

[5] Arlington's Transient Occupancy Tax collections are higher than any other city or county in the Commonwealth, except Fairfax County which has more than twice as many hotels.

[6] The currently operating hotels in the sample are projected to produce $13,065,000 in local taxes in 2010, including real estate (not counting special districts), Transient Occupancy, Meals, Business Professional & Occupational License, and Tangible Personal Property taxes. This is equivalent to $7.48 per square foot or $5,508 per room according to the Commissioner of the Revenue and AED calculations. This does not include the indirect tax contributions of 4 million hotel guests from sales and meals taxes generated outside the hotels.

hotels in the sample are generally the newest ones; however with so few full-service hotels built recently, a few older properties have been included.

Table below illustrates the differences most clearly. The full-service hotels are larger, have significant meeting space along with restaurants, and have more rooms per property. The average space per room in full-service hotels is generally over 700 square feet. The two new Marriotts under construction at National Gateway represent a blended average of full- and limited-service, and the Hyatt Arlington is admittedly small for a full-service hotel. The calculation of space per hotel is simply arithmetic – if you add the square footage of the rooms to the auxiliary space and divide by the number of rooms, you get a bigger number for full service hotels; this does not necessarily mean that the rooms themselves are larger.

Full-service hotels are however, larger. They range in Gross Floor Area (GFA) from 192,000 square feet to 560,000 square feet in our sample. The limited service properties range in size from 102,421 square feet to 131,655 square feet.

The size difference can also be translated into Floor Area Ratio (FAR). The full-service hotels range in FAR from 4.08 to 6.16. The limited-service properties are significantly smaller, ranging from 3.1 FAR to 4.20.

What does all of this mean for practical purposes? Most directly it means that using rooms per acre as the limiting factor in development entitlements does not appear to be the most effective method for Arlington getting what we want where we want it. There is a size difference between the types of hotels, and it may make sense to establish density allowances that are appropriate to the type of hotel as well as the location within a neighborhood. As the hotel market evolves with smaller hotel rooms and as hotel projects in Arlington try to take advantage of infill sites, changes to the way Arlington controls hotel development are needed. AED will continue to perform additional research on this topic.

This paper was prepared by Terry Holzheimer, Director of Arlington Economic Development.

Selected Arlington Hotel Rooms and Meeting Space Development Characteristics

Hotels	Yr. Built	Rooms	Meeting Space	GFA	FAR	Square Feet Per Room	Type
Hyatt Regency Crystal City	1981	685	52,240	560,500	5.76	818	FS
Marriott Renaissance Hotel & Residence Inn	2011	625	4,074	430,000	6.16	688	FS & LS
Ritz Carlton Pentagon City	1989	366	13,305	322,932	NA	882	FS
Westin Arlington Gateway	2006	336	10,180	240,160	4.08	715	FS
Hyatt Arlington @ Washington's Key Bridge	1976	317	6,025	192,000	5.37	606	FS
Hilton Garden Inn Arlington/Courthouse Plaza	1999	189	1,200	105,000	3.79	556	LS
Residence Inn by Marriott - Courthouse	2009	176	490	131,655	3.10	748	LS
Residence Inn by Marriott Arlington at Rosslyn	1999	176	1,000	114,471	3.80	650	LS
Hampton Inn & Suites National Airport	2004	161	2,267	102,421	4.20	636	LS
Hilton Garden Inn - Village at Shirlington	2009	142	1,695	110,000	3.20	775	LS

Source: Arlington Economic Development